GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:1786
ANSWERED ON:04.12.2006
AMENDMENT TO SUGARCANE CONTROL ORDER,1986
Patel Shri Kishanbhai Vestabhai;Singh Shri Sugrib

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) Whether the Government has amended Sugarcane (Control) Order, 1966 ;

(b) If so, the details thereof ;

(c) The reaction of sugar industry thereto; and

(d) The extent to which sugar manufacturers are likely to be benefited by such amendments?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (DR. AKHILESH PRASAD SINGH)

(a)&(b) : Yes, Sir. The Central Government has amended the Sugarcane (Control) Order, 1966 vide Notification dated 10th November, 2006. A copy of the Notification is enclosed.

(c):The Government has so far received reaction from the Maharashtra Rajya Sahakari Sakhar Karkhana Sangh Ltd, the apex body of cooperative sugar factories in Maharashtra and the South Indian Sugar Mills Association (Karnataka). Both these organizations have appreciated this step of the Government.

(d) : It is not possible to quantify the benefits of such amendments.

[Published in the Gazette of India, Extraordinary, Part II- Section 3-Sub-section (ii)]

No. 1349 MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION)

ORDER New Delhi, the 10th November, 2006

S.O. 1940(E) - In exercise of the powers conferred by Section 3 of the Essential Commodities Act, 1955 (10 of 1955), the Central Government hereby makes the following Order further to amend the Sugarcane (Control) Order, 1966, namely :-

1.(1)This Order may be called the Sugarcane (Control) (Amendment) Order, 2006.

(2) It shall come into force on the date of its publication in the Official Gazette.

2. In Sugarcane (Control) Order, 1966, after clause 6, the following clauses shall be inserted, namely :-

`6A. Restriction on setting up of two sugar factories within the radius of 15 Kms. - Notwithstanding anything contained in clause 6, no new sugar factory shall be set up within the radius of 15 Kms of any existing sugar factory or another new sugar factory in a state or two or more states:

Provided that the State Government may with the prior approval of the Central Government, where it considers necessary and expedient in public interest, notify such minimum distance higher than 15 Kms or different minimum distances not less than 15 Kms for different regions in their respective States.

Explanation 1- An existing sugar factory shall mean a sugar factory in operation and shall also include a sugar factory that has taken all effective steps as specified in Explanation 4 to set up a sugar factory but excludes a sugar factory that has not carried out its crushing operations for last five sugar seasons.

Explanation 2.-A new sugar factory shall mean a sugar factory, which is not an existing sugar factory, but has filed the Industrial Entrepreneur Memorandum as prescribed by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry in the Central Government and has submitted a performance guarantee of rupees one crore to the Chief Director (Sugar), Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution for implementation of the Industrial

Entrepreneur Memorandum within the stipulated time or extended time as specified in clause 6C.

Explanation 3.-The minimum distance shall be determined as measured by the Survey of India.

Explanation 4.-The effective steps shall mean the following steps taken by the concerned person to implement the Industrial Entrepreneur Memorandum for setting up of sugar factory:-

(a)purchase of required land in the name of the factory ;

(b)placement of firm order for purchase of plant and machinery for the factory and payment of requisite advance or opening of irrevocable letter of credit with suppliers;

(c)commencement of civil work and construction of building for the factory;

(d)sanction of requisite term loans from banks or financial institutions;

(e)any other step prescribed by the Central Government, in this regard through a notification.

6B.Requirements for filing the Industrial Entrepreneur Memorandum-

(1)Before filing the Industrial Entrepreneur Memorandum with the Central Government, the concerned person shall obtain a certificate from the Cane Commissioner or Director (Sugar) or Specified Authority of the concerned State Government that the distance between the site where he proposes to set up sugar factory and adjacent existing sugar factories and new sugar factories is not less than the minimum distance prescribed by the Central Government or the State Government, as the case may be, and the concerned person shall file the Industrial Entrepreneur Memorandum with the Central Government within one month of issue of such certificate failing which validity of the certificate shall expire.

(2)After filing the Industrial Entrepreneur Memorandum, the concerned person shall submit a performance guarantee of rupees one crore to Chief Director (Sugar), Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution within thirty days of filing the Industrial Entrepreneur Memorandum as a surety for implementation of the Industrial Entrepreneur Memorandum within the stipulated time or extended time as specified in clause 6C failing which Industrial Entrepreneur Memorandum shall stand de-recognized as far as provisions of this Order are concerned.

6C.Time limit to implement Industrial Entrepreneur Memorandum.-

The stipulated time for taking effective steps shall be two years and commercial production shall commence within four years with effect from the date of filing the Industrial Entrepreneur Memorandum with the Central Government, failing which the Industrial Entrepreneur Memorandum shall stand de-recognized as far as provisions of this Order are concerned and the performance guarantee shall be forfeited:

Provided that the Chief Director (Sugar), Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution on the recommendation of the concerned State Government, may give extension of one year not exceeding six months at a time, for implementing the Industrial Entrepreneur Memorandum and commencement of commercial production thereof.

6D.Consequences of non-implementation of the provisions laid down in clauses 6B and 6C.- If an Industrial Entrepreneur Memorandum remains unimplemented within the time specified in clause 6C, the performance guarantee furnished for its implementation shall be forfeited after giving the concerned person a reasonable opportunity of being heard.

6E. Application of clauses 6B, 6C and 6D to the person whose Industrial Entrepreneur Memorandum has already been acknowledged. -

(1)Except the period specified in sub-clause (2) of clause 6B of this Order, the other provisions specified in clauses 6B, 6C and 6D shall also be applicable to the person whose Industrial Entrepreneur Memorandum has already been acknowledged as on date of this notification but who has not taken effective steps as specified in Explanation 4 to the clause 6A.

(2)The person whose Industrial Entrepreneur Memorandum has already been acknowledged as on date of this notification but who has not taken effective steps as specified in Explanation 4 to the clause 6A shall furnish a performance guarantee of rupees one crore to the Chief Director

(Sugar), Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution within a period of six months of issue of this notification failing which the Industrial Entrepreneur Memorandum of the concerned person shall stand de-recognized as far as provisions of this Order are concerned.`.

[File No. 27(4)/2006-ST] Dr. JOY I. CHEENATH, Jt. Secy.

Footnote:- The principal Order was published in the Gazette of India, Extraordinary under Order number G.S.R. 1126,(E), Ess. Com/Sugarcane dated the 16th July, 1966 and was subsequently amended vide:-

1. G.S.R. 35/Ess. Com/Sugarcane dated 5.6.1967

2. G.S.R. 159/Ess.Com/Sugarcane dated 17.10.1967

3. G.S.R. 945/Ess.Com/Sugarcane dated 18.05.1968

4. G.S.R. 1456/Ess. Com./Sugarcane dated 02.08.1968

5. G.S.R. 402(E)/Ess.Com/Sugarcane dated 25.09.1974

6. G.S.R. 492(E)/Ess.Com/Sugarcane dated 12.09.1975

7G.S.R. 542(E)/Ess.Com/Sugarcane dated 27.10.1975

8.G.S.R. 484(E)/Ess.Com/Sugarcane dated 26.07.1974

9. G.S.R.799(E)/Ess.Com/Sugarcane dated 13.09.1976

10. G.S.R. 913(E)/Ess.Com/Sugarcane dated 09.12.1976

11. G.S.R. 197(E)/Ess.Com/Sugarcane dated 29.03.1978

12. G.S.R. 79(E)/Ess. Com/Sugarcane dated 24.02.1982

13. G.S.R. 695(E)/ Ess. Com/ Sugarcane dated 09.09.1983

14. G.S.R. 903(E)/Ess.Com/Sugarcane dated 29.11.2000

15. G.S.R. 113(E) Ess.Com/Sugarcane dated 20.02.2003

16. G.S.R. 204(E)/Ess. Com/Sugarcane dated 22.03.2004